



April / May 2003

SCHOOL FINANCE UPDATE

A Monthly Newsletter Published by the School Budgeting and Accounting Division

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Legislative News – SB 424 Passed

OPI emailed a summary of the major school funding legislation under SB 424. The letter is posted here:

<http://www.opi.state.mt.us/PDF/Superintendent/SB424Summary.pdf>

FY 2003-04 Tuition Rates (Correction)

The rates reported in the February / March newsletter have changed due to changes passed by the Legislature in SB 424.

Corrected maximum tuition rates for FY 2003-04 are:

- ~~\$390~~ \$395 for Pre-K and Kindergarten
- ~~\$784~~ \$790 for grades 1-8
- ~~\$1,044~~ \$1052 for grades 7-8 if the school runs an accredited 7-8 program or junior high
- ~~\$1,044~~ \$1052 for grades 9-12

Rates are set under MCA 20-5-323 based on 20% of the per-ANB rate for the year of attendance. Special education add-on rates are calculated under ARM 10.16.3818.

Additional information on tuition in Montana is posted on the OPI web site:

<http://www.opi.state.mt.us/SchoolFinance/Tuition.html>.

OPI Contact: Joan Anderson (406) 444-1960 or janderson@state.mt.us.



Budget Data Sheets & Excel Spreadsheets Re-Posted

1) Budget Data Sheets

Post-Legislative Budget Data Sheets for FY 2003-04 were posted May 2 at the following address: <http://www.metnet.state.mt.us/schoolfinance/000D9D9-80000007/000169F1-80000007/01100A3C-006AD19D-01104157?WasRead=1>

2) Excel General Fund Spreadsheets

Excel spreadsheets were updated and posted on 4/28 at <http://www.opi.state.mt.us/schoolfinance/excel.html>. OPI Contact: Nica Carte (406) 444-4401 or ncarte@state.mt.us.

Indirect Cost Rate Applications

Indirect cost rates are OPTIONAL, but a district must have a rate approved by OPI each year in order to draw indirect cost recoveries from state and federal grants. Applications for indirect cost rates for FY2003-04 have been posted at the following web addresses:

Information:

<http://www.opi.state.mt.us/PDF/SchoolFinance/Acct/CoVerLetter.pdf>

Instructions:

<http://www.opi.state.mt.us/PDF/SchoolFinance/Acct/Instructions2004.pdf>

Application--Part 1 of 2: Certification
<http://www.metnet.state.mt.us/schoolfinance/0000D9D9-80000007/00016FA6-80000007/>

Application--Part 2 of 2: Schedule A
<http://www.metnet.state.mt.us/schoolfinance/0000D9D9-80000007/00016FA7-80000007/>

OPI Contact: Jim Oberembt (406) 444-1257 or
joberembt@state.mt.us.

Pupil Transportation News

1) Legislation

SB 424 simplified the formula for bus mileage rates by eliminating the weighted ridership and assigning a set mileage rate based on the size of the bus (see below). Eliminating the weighted ridership will eliminate the November High School Rider Count. Mileage rates will no longer be based on the number of kids riding the bus.



Districts should continue to list kids that ride each bus on the TR-2 (or other tracking list) and report those students to the OPI on the TR-1 (Route Form) as usual. However, the mileage rate won't be based on that information.

Beginning on July 1, 2003, bus mileage reimbursement will be based on the following table:

School Bus Capacity	Rate Per Mile
Non-bus Mileage	\$0.50
Up to 49 Passenger	\$0.95
50 – 59 Passenger	\$1.15
60 – 69 Passenger	\$1.36
70 – 79 Passenger	\$1.57
80 or more Passenger	\$1.80

As a result, state transportation aid and county transportation aid will each increase \$3.4 M over the biennium. The increase in state transportation aid is funded using a portion of the money previously appropriated for school block grants for the transportation fund. The state will reduce the district transportation fund school block grants (HB 124) by half starting in 2003-04. (See "School Block Grants" below.)

To help districts calculate on-schedule funding using the new bus mileage rates, OPI has updated and posted the Transportation Budgeting Spreadsheet (Excel) on the Pupil Transportation Website web. (see page 4 of newsletter)

Also, OPI will be updating the TR-1 Bus Route Forms and TR-2 (optional rider list) forms to remove weighted ridership and November high school count information, which is no longer necessary.

Questions? Call Maxine Mougeot at (406) 444-3096 or
mmougeot@state.mt.us.

2) 2nd Semester Transportation Claim Forms Due

2nd semester claim forms (TR-5 and TR-6) were mailed to each district during April. Claims are due to the County Superintendent by May 10 and to OPI by May 24. OPI will make the second semester payment on June 25. As usual, OPI will send an official email to notify you of the payment; however, paper copies of the payment will not be mailed.

Contact: Maxine Mougeot (406) 444-3096 or
mmougeot@state.mt.us.

Applications for Anticipated ANB Increases

Districts may submit applications for an increase of ANB for FY 2003-04 through June 1. Districts may be eligible for an increase if the anticipated enrollments exceed average current year enrollment counts by more than 6%. OPI must review actual enrollment FY 2003-04 to verify that approved increases actually materialized.



Contact: Tal Redpath, (406) 444-3024 or
tredpath@state.mt.us.

GASB 34 News

1) GASB 34 "Q&A" Available

OPI staff met again with the GASB 34 workgroup on March 27 by conference call. The group discussed a draft of a Q & A on GASB 34 issues. The write-up covers the implementation recommendations of the Association of School Business Officials, International (ASBO). It also incorporates the recommendations of OPI and the decisions made by the workgroup concerning issues of implementing GASB 34 for schools in Montana. The Local Governmental Audit

Committee of the MT Society of CPAs also reviewed the document.

The GASB 34 "Q&A by OPI" is posted on the OPI web site at
<http://www.opi.state.mt.us/schoolfinance/gasb34.html>.

OPI Contact: Denise Ulberg at (406) 444-0783 or dulberg@state.mt.us.

2) 19 Districts Must Implement GASB 34 for FY 2002-03 Audit

Last year, OPI issued a list of 19 districts that must implement GASB 34 in their FY03 audits. As a reminder, the list includes:



Belgrade Public Schools
Billings Public Schools
Bozeman Public Schools
Browning Public Schools
Butte Public Schools
Colstrip Public Schools
Columbia Falls Pub Schls
Great Falls Public Schls
Hardin Public Schools
Havre Public Schools

Helena Public Schools
Kalispell Public Schools
Laurel Public Schools
Libby K-12 Schools
Miles City Public Schls
Missoula Public Schls
Polson Public Schools
Poplar Public Schools
Whitefish Public Schools

Small districts (i.e., districts with less than \$200,000 annual revenue) that are not required to have annual audits are not subject to GASB 34 requirements.

All other districts must implement GASB 34 for FY04 audits.

OPI Contact: Denise Ulberg at (406) 444-0783 or dulberg@state.mt.us.

3) Getting Prepared for GASB 34



Regardless of the required year of implementation, District Clerks/Business Managers should do these things NOW to prepare for GASB 34:

- Update the Fixed Asset records and inventory;
- Review the requirements for the district's Management Discussion and Analysis (MD&A) on OPI's GASB 34 web site at: <http://www.opi.state.mt.us/PDF/SchoolFinance/GASB/MD&AModel.pdf>;
- Ask the auditor: 1) Who will prepare the financial statements for the audit; 2) Who will prepare the depreciation schedules for audit; 3) Are there any "component units" to include in the school's audit; and 4) What else would they recommend you do to prepare for GASB 34 implementation?

OPI staff will cover basic information about GASB 34 implementation in the July 2003 Budget and Accounting Workshops. GASB 34 information will also be offered at the Montana Association of School Business Officials (MASBO) Summer Conference on June 18-20 in Billings.

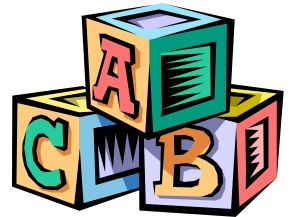
Contact Denise Ulberg at (406) 444-0783 or dulberg@state.mt.us.

Estimating School Block Grants for FY 2003-04

The school block grants under HB 124 were changed by legislation. Following is a summary of how the changes affect the budget:

1) General Fund (01) will receive a school block grant payment that equals (the average of [FY02 receipts plus FY03 receipts], times 1.0076) (i.e., increased by 0.76%); [MAEFAIRS will prefill the payment amount]

2) Transportation Fund (10) will receive HALF of (the average of [FY02 receipts plus FY03 receipts], times 1.0076) (i.e., increased by 0.76%). The other half is helping fund the increases in bus mileage rates; [MAEFAIRS will prefill the payment amounts]



3) Technology Fund (28) and Flexibility Fund (29) currently receive no school block grant, and still will receive none;

4) Debt Service Fund (50) will no longer receive a block grant. That money is being used instead to fund greater entitlements for Facilities Acquisition Payments (aka "Debt Service GTB") and bonds issued before 1991 may now be eligible for subsidies;

5) The block grants for Bus Depreciation (11), Tuition (13), Building Reserve (61), and Adult Ed (17) funds will be combined. The total can be deposited into any budgeted fund, including General Fund (01), at the trustees' discretion. The planned deposits will be listed as anticipated revenue on the budget forms. [MAEFAIRS will report the combined amount and then allow allocation to funds.]

FAQs about "Transferability"

Here are 3 interesting questions that came up at the MASBO regional meetings in March.

Q: What is the deadline for spending the Small Rural Schools grant (aka SRS)?

A: This grant is not an OPI grant. The US Department of Education administers the grant. Look on the award document to find the "budget period."

According to information posted on the CFDA web site at:

<http://www.cfda.gov/public/viewprog.asp?progid=1614>
the funds are awarded for one year at a time.

The web site lists this contact for the grant:

Office of School Support and Technology Programs,
Office of Elementary and Secondary Education, U.S.
Department of Education, 400 Maryland Avenue, SW.,
Washington, DC 20202. Contact: Charles Lovett.
Telephone: (202) 401-0039. E-mail:
charles.lovett@ed.gov. **Web Site Address:**
<http://www.ed.gov/offices/OESE>.

OPI has a web page about the grants:
<http://www.opi.state.mt.us/RuralEd/Index.html>. OPI

Contact: Peggy Azure at (406) 444-0466 or
pazure@state.mt.us.

Q: If we stated on the grant budget that we planned to redirect ("transfer") a certain percentage of our ESEA grants to cover other programs' purposes, can we now change those percentages?



A: Yes, redirection can be changed. If you are redirecting under the SRS provisions of Title VI, an Annual Budget and Program Modification Request form or the Application for a specific title should be submitted for the programs involved. For example, you originally planned to redirect 100% of the Title II-D money to Title I, but now you've decided to use the Title II-D funds for

Title II-D activities. Your original application for Title I included how you anticipated spending the Title I funds as well as the Title II-D funds. Since you planned to redirect 100% of the Title II-D funds, you did not complete the **application** for Title II-D funds. An Annual Budget and Program Modification Request form must be submitted for Title I describing the changes made to the original Title I plan and a Title II-D application must be submitted detailing what Title II-D activities are planned. These forms should be clearly marked as pertaining to 2002-2003 grants and submitted to Peggy Azure.

If you are redirecting under the General Provisions of Title VI, the Transferability of Funds form and applicable program changes must be submitted 30 days before the change in redirection.

Q: How do the carryover provisions apply when funds have been redirected from one grant to another? For example, if Title II Part D funds are redirected to Title I Part A, does the carryover provision of Title I apply to the Title II Part D funds that are redirected?

A: The funds are subject to the carryover provisions, if any, for the program where the funds originated.

In the example above, the Title II Part D provisions would apply, since the money came from that program. The Title I Part A provisions would not apply to the redirected moneys.

Questions about "Transferability" (redirecting) grant funds? OPI Contact: Madilon Beatty at (406) 444-4403 or mbeatty@state.mt.us.

Student Attendance Agreement Forms Revised

OPI recently posted revised forms FP-14 and FP-14A on the OPI web site.



FP-14 Student Attendance Agreement

<http://www.opi.state.mt.us/PDF/SchoolFinance/forms/FP14.pdf> This form replaces the form dated 6/02. It is the standard form required for any student (or group of students) attending school outside their district of residence. Minor changes were made to simplify and improve the form's clarity. FP-14A is an attachment for special education rates and high cost programs.

FP-14A Special Tuition Rates

<http://www.opi.state.mt.us/PDF/SchoolFinance/forms/FP14a.pdf> This is a NEW form to report the calculation of special education rates and rates of high-cost programs for students without disabilities. The form calculates special rates under ARM 10.16.3818 for special education and under MCA 20-5-323(3) for high-cost students without disabilities placed by a state agency or court.

Contact: Mike Waterman, (406) 444 -4524 or
mwaterman@state.mt.us.

Transportation Fund Budgeting

1) Transportation Budget Spreadsheet Posted

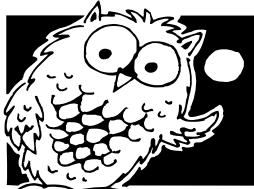
OPI recently posted the Transportation Fund Excel Budgeting Spreadsheet:

<http://www.opi.state.mt.us/PupilTransport/index.html>.
The spreadsheet was updated to reflect the bus route mileage changes adopted in SB 424 this year. OPI

Contact: Maxine Mougeot at (406) 444-3096 or mmougeot@state.mt.us.

2) Budget for Bus Driver Training

As you plan next year's budget, remember that the transportation fund budget should include funding to provide bus drivers the required minimum of 10 hours of annual training. Opportunities include the Montana Association of Pupil Transportation (MAPT) summer conference held each June and regional meetings held by groups of schools throughout the state during the school year. For more information on potential training opportunities, contact Maxine Mougeot at (406) 444-3096 or mmougeot@state.mt.us.



When setting the transportation fund budget for FY 04, it would be wise...

to remember to include bus driver training!

Bus Safety and Driver Training Videos:

<http://www.opi.state.mt.us/pdf/pupiltransport/DriverTrainingLib.pdf>.

School Finance forms and publications: <http://www.opi.state.mt.us/schoolfinance/forms.html>

2003 Elections Calendar:

<http://www.opi.state.mt.us/pdf/schoolfinance/forms/electioncal03.pdf>

Need more information about elections? Contact Mike Waterman at (406) 444-4524 or mwaterman@state.mt.us.

2003 Legislative Bills Tracking:

[http://laws.leg.state.mt.us/pls/laws03/law0203w\\$.startup](http://laws.leg.state.mt.us/pls/laws03/law0203w$.startup)

CFDA Numbers for Federal Grants: [http://](http://www.opi.state.mt.us/FederalPrograms/handbook.html)

www.opi.state.mt.us/FederalPrograms/handbook.html

(Appendix F of the OPI State and Federal Grants Handbook)



Useful Websites

List of all Official OPI E-Mails:

http://www.metnet.state.mt.us/Official_Mail

OPI's GASB 34 Web Page:

<http://www.opi.state.mt.us/schoolfinance/gasb34.html>.

OPI's "Get Answers" searchable databases:

http://data.opi.state.mt.us/scripts/rightnow.cfg/php.exe/enduser/std_alp.php [Tip: Type in a phrase with a "+" sign before each word, like "+spring +enrollment"] If you need assistance, call Janet Andrew at (406) 444-2765[a.m.] or Betsy Nordell at (406) 444-1626.

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July 2003 OPI Budget and Accounting Workshops are Scheduled!!!



July 8: Kalispell
July 9: Missoula
July 10: Butte
July 16: Glasgow
July 17: Havre
July 18: Great Falls
July 22: Miles City
July 23: Billings

REGISTER HERE:

<http://www.opi.state.mt.us/PDF/SchoolFinance/2003Flyer.pdf>